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PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993

Construction of additional conference facilities at Addis Ababa and Bangkok

Third report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the annual progress report of the Secretary-General on the status of the two construction projects at the Economic Commission for Africa (ECA) at Addis Ababa and the Economic and Social Commission for Asia and the Pacific (ESCAP) at Bangkok (A/C.5/47/11). During its consideration of that report, the Committee met with representatives of the Secretary-General who provided additional information.

2. As recalled in paragraph 10 of the Secretary-General's report, the construction contract provides for an extension equal to any force majeure period, plus whatever additional period is required for normal operations to resume under specific circumstances, as well as compensation for expenses of permanent staff and equipment idled during the force majeure period. The Advisory Committee notes that the contractor submitted a claim on 28 April 1992 for ECU 7,680 per day for such expenses, which would amount to ECU 437,760 for 57 days (approximately $600,000 at current rates). The Committee also notes that this claim is currently being reviewed.

3. The Advisory Committee was informed that, in addition to the above-mentioned claim, the contractor submitted a second claim, which amounts to ECU 10,496,143 (approximately $14 million). The contractor also requested 244 days of extension of time for completion. It was the view of representatives of the Secretary-General that the second claim, which represents 20 per cent of the base contract amount of ECU 52,655,450, is very high. The Advisory Committee shares this view and notes with concern the high

level of claims received from the contractor, as compared to the progress of work. In this connection, the Committee trusts that any settlement regarding these claims would be absorbed within the present project budget and, as stated by the Secretary-General in paragraph 14 of his report, there would be no need to revise the total estimated project cost.

4. The Advisory Committee requests that it be provided with a progress report on the ECA project at its spring 1993 session. In addition to including information covering the project's timetable and the status of work, the report should include developments regarding the negotiation of the contractor's claims and the ways and means of ensuring that the overall costs are kept within the approved budget.